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March 1, 2003

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BEFORE THE BOARD OF MILK CONTROL OF THE STATE OF MONTANA
ANNOUNCEMENT OF CLASS I, II & III PRODUCER PRICES

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PRODUCER CLASS I PRICE IN MONTANA

REF: ARM 32.24.301(5)

CLASS I PRICE FOR MILK TESTING 3.5%	**$12.36**	**/CWT**
CLASS I BUTTERFAT PRICE PER POUND	**$1.16**	**/LB**

EFFECTIVE April 1, 2003:

The minimum price to pay milk producers, under ARM 32.24.301, is $12.36 per hundred pounds of milk testing 3.5% butterfat, f.o.b. the milk distributor's plant.

When milk does not test 3.5% butterfat, compute the applicable price by applying a differential of 11.6 cents for each one-tenth of one percent butterfat above or below the midpoint of each producer payment. The value of one pound of butterfat utilized will be $1.16.

PRODUCER CLASS II PRICE IN MONTANA

REF: ARM 32.24.301(6)

CLASS II PRICE FOR MILK TESTING 3.5% **$10.00 /CWT**

Average spray process dry milk solids price per pound	=	$0.85250		
Multiplied by 8.2	x	8.2		
		$6.99050		$6.99050
Last quote of the month for Grade AA butter minus a differential of $.0895	=	$0.93800		
Multiplied by 4.2	x	4.2		
		$3.93960	+	$3.93960
				$10.93010
LESS a make allowance of 8.5% (		$10.9301 X .085)	-	$0.92906
				$10.00104
Rounded to the nearest whole cent	=	**$10.00** /hundredweight.		

EFF: April 1, 2003

CLASS II BUTTERFAT PRICE PER POUND					**$1.04 /LB**
Last quote of the month for Grade AA butter					
minus a differential of $.0895	=	$0.93800	X .111)	=	$0.10412
Rounded to the nearest half cent				=	$0.104
Butterfat value per pound for milk at 3.5% test:		$1.04			
Hundredweight price of milk testing 3.5%				=	$10.00
LESS 3.5 pounds of butterfat at		$1.04	per pound	-	$3.640
Value of 96.5 pounds of skim				=	$6.360
CLASS II VALUE OF ONE POUND OF SKIM		6.360	/ 96.5 pounds)	=	$0.06591 /LB

PRODUCER CLASS III PRICE IN MONTANA

REF: ARM 32.24.301(7)

CLASS III PRICE PER CWT FOR MILK TESTING 3.5%			**$8.54 /CWT**
3.5 pounds of butterfat	$0.84	per pound =	$2.940
96.5 pounds of skim	$0.05802	per pound =	$5.599
			$8.539 /CWT

CLASS III BUTTERFAT PRICE PER POUND			**$0.84 /LB**
Last quote of the month for Grade AA butter			
minus a difference of $.0895	=	$0.93800	
LESS 10%	-	$0.09380	
		$0.84420	
Rounded to the nearest whole cent	=	$0.84	per pound.
CLASS III PRICE PER CWT FOR SKIM MILK UTILIZED			$5.80212 /CWT
Avg. spray process dry milk solid price/lb	=	$0.85250	
Multiplied by 8.2		8.2	
		$6.99050	
LESS 17%		$1.18839	
		$5.80212	
Rounded to the nearest whole cent		$5.80	per hundredweight.

BY ORDER OF THE MONTANA MILK CONTROL BUREAU

Compiled by: Monte Nick

Monte Nick, Bureau Chief
Montana Milk Control Bureau

BREAKDOWN BY TEST FOR CLASS I, II & III SKIM PRICES

CLASS I SKIM PRICE BASED ON $12.36 FOR 3.5% MILK 96.5 LBS = $8.300		CLASS II SKIM PRICE BASED ON $10.00 FOR 3.5% MILK 96.5 LBS = $6.360		CLASS III SKIM PRICE BASED ON $8.54 FOR 3.5% MILK 96.5 LBS = $5.599	
TEST	PRICE/LB	TEST	PRICE/LB	TEST	PRICE/LB
2.50	$0.08513	2.50	$0.06523	2.50	$0.05743
2.55	$0.08517	2.55	$0.06526	2.55	$0.05746
2.60	$0.08522	2.60	$0.06530	2.60	$0.05749
2.65	$0.08526	2.65	$0.06533	2.65	$0.05751
2.70	$0.08530	2.70	$0.06536	2.70	$0.05754
2.75	$0.08535	2.75	$0.06540	2.75	$0.05757
2.80	$0.08539	2.80	$0.06543	2.80	$0.05760
2.85	$0.08543	2.85	$0.06547	2.85	$0.05763
2.90	$0.08548	2.90	$0.06550	2.90	$0.05766
2.95	$0.08552	2.95	$0.06553	2.95	$0.05769
3.00	$0.08557	3.00	$0.06557	3.00	$0.05772
3.05	$0.08561	3.05	$0.06560	3.05	$0.05775
3.10	$0.08566	3.10	$0.06563	3.10	$0.05778
3.15	$0.08570	3.15	$0.06567	3.15	$0.05781
3.20	$0.08574	3.20	$0.06570	3.20	$0.05784
3.25	$0.08579	3.25	$0.06574	3.25	$0.05787
3.30	$0.08583	3.30	$0.06577	3.30	$0.05790
3.35	$0.08588	3.35	$0.06580	3.35	$0.05793
3.40	$0.08592	3.40	$0.06584	3.40	$0.05796
3.45	$0.08597	3.45	$0.06587	3.45	$0.05799
3.50	$0.08601	3.50	$0.06591	3.50	$0.05802
3.55	$0.08605	3.55	$0.06594	3.55	$0.05805
3.60	$0.08610	3.60	$0.06598	3.60	$0.05808
3.65	$0.08614	3.65	$0.06601	3.65	$0.05811
3.70	$0.08619	3.70	$0.06604	3.70	$0.05814
3.75	$0.08623	3.75	$0.06608	3.75	$0.05817
3.80	$0.08628	3.80	$0.06611	3.80	$0.05820
3.85	$0.08632	3.85	$0.06615	3.85	$0.05823
3.90	$0.08637	3.90	$0.06618	3.90	$0.05826
3.95	$0.08641	3.95	$0.06622	3.95	$0.05829
4.00	$0.08646	4.00	$0.06625	4.00	$0.05832
4.05	$0.08650	4.05	$0.06628	4.05	$0.05835
4.10	$0.08655	4.10	$0.06632	4.10	$0.05838
4.15	$0.08659	4.15	$0.06635	4.15	$0.05841
4.20	$0.08664	4.20	$0.06639	4.20	$0.05845
4.25	$0.08668	4.25	$0.06642	4.25	$0.05848
4.30	$0.08673	4.30	$0.06646	4.30	$0.05851
4.35	$0.08677	4.35	$0.06649	4.35	$0.05854
4.40	$0.08682	4.40	$0.06653	4.40	$0.05857
4.45	$0.08687	4.45	$0.06656	4.45	$0.05860
4.50	$0.08691	4.50	$0.06660	4.50	$0.05863

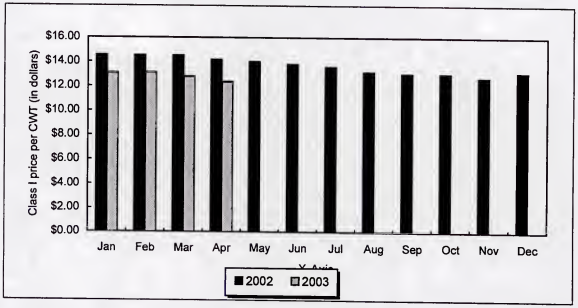
PRODUCER CLASS I PRICE IN MONTANA

Charts below show a class I price comparison for 2002 and 2003

Statistics from the Montana Milk Control Bureau

Month	2002	2003	Difference	% Change
January	$14.53	$13.07	($1.46)	-10.05%
February	$14.51	$13.11	($1.40)	-9.65%
March	$14.50	$12.78	($1.72)	-11.86%
April	$14.17	$12.36	($1.81)	-12.77%
May	$14.02			
June	$13.81			
July	$13.58			
August	$13.17			
September	$13.03			
October	$13.01			
November	$12.70			
December	$13.15			
Average	**$13.68**	**$12.83**	**($1.60)**	**-11.08%**

Prices are per hundredweight (CWT).



Completion of pooling (prior to audit) shows the producer quota blend prices to be:

JANUARY 2003: class I = $8.51; class II = $0.95; Class III = $2.70; total = $12.16

(calculations based upon utilization percentages of butterfat & skim)